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C O N F I D E N T I A L SECTION 01 OF 03 BAGHDAD 003903

SIPDIS

STATE FOR INL/C/CP, INL/I, NEA/I AND S/I

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TAGS: [KCOR](#) [KCRM](#) [PGOV](#) [EAID](#) [PREL](#) [IZ](#)  
SUBJECT: INSPECTOR GENERAL UPDATE

REF: A. BAGHDAD 03596  
[1](#)B. BAGHDAD 03087

Classified By: Anti-Corruption Coordinator Lawrence Benedict,  
reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY: Following an article in the New York Times suggesting a slew of firings and early retirements of Iraq's Inspectors General (IGs) were politically motivated, the heads of the Commission on Integrity (COI) and the Board of Supreme Audit (BSA) strenuously defended the integrity of the IGs' performance review process. Since the article was published, two additional IGs have been dismissed and their cases are pending. One of these, the IG for the Ministry of Municipalities, said he believes his dismissal was because of contracting irregularities he had uncovered linked to his minister. Two IGs who were previously relieved of their duties, the IGs for Culture and Foreign Affairs, are challenging the rulings. According to the Prime Minister's Anti-Corruption Coordination Office (PMACCO), the IG for the Ministry of Electricity may be next on the chopping block. None of the removed IGs has yet been replaced. END SUMMARY.

COI, BSA CHIEFS OBJECT TO NEW YORK TIMES ANALYSIS  
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[1](#)2. (C) The New York Times reported November 18 that up to 17 Iraqi Inspectors General (IGs) had been either fired or granted early retirement in an effort by the Prime Minister to install Da'wa loyalists throughout Iraqi ministries. As reported Ref A, the number of IGs relieved of duty was six. The IG for the Ministry of Culture had been fired; the IGs for the Ministry of Foreign Affairs, Water, and Youth & Sports had been granted early retirement; and the IGs for the Central Bank and Christian Endowment, who had previously been terminated, were allowed to retire with full pension benefits. The Times failed to report this wave of dismissals came as a result of the first performance review ever conducted of the IGs. The Prime Minister's recommendation for the IGs' removals came upon the recommendation of a three-party panel consisting of BSA chief Dr. Abdulbasit al-Turki, COI Commissioner Judge Rahim al-Ugaili, and the Secretary General of the Council of Ministers, Ali Alaq.

[1](#)3. (C) In a November 30 meeting with ACCO staff, BSA chief Dr. Abdulbasit al-Turki strongly objected to this characterization in the Times of the IGs' removals. He defended the removals as being "for cause" related to the IGs' job performance, as detailed in the performance audits conducted by his agency. COI Commissioner Judge Rahim al-Ugaili similarly emphasized to ACCO December 7 the removals were based on a "lack of competence" evidenced in the BSA audits. Abdulbasit and Rahim clarified that their committee had recommended the termination of the IG for Culture and the retirement for the IGs of Foreign Affairs, Water, and Youth & Sports. The other two, they explained, had been removed prior to the review of the performance audits. As reported in Ref B, the removal of the IG for the Central Bank in September stemmed from the dissolution of his

office. The dismissal of the IG for the Christian Endowment, according to Basit, resulted from a personality conflict between the IG and the Vicar of Baghdad.

TWO MORE IG'S DISMISSED, THEIR CASES PENDING  
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¶4. (C) Since the New York Times report, two additional IGs have been dismissed. The IG for the Sunni Endowment was terminated in late November. According to Dr. Sabah al-Husainie, one of the Prime Minister's advisors in PMACCO, the BSA performance audit for the Sunni Endowment IG was "quite poor." The IG has not reached retirement age and would therefore be ineligible for retirement. According to Sabah, meetings are underway between BSA, Ali Alaq, and the Prime Minister's Office over the final disposition of the case.

¶5. (C) Additionally, the Minister of Municipalities, Riyadh Ghurrayib, dismissed in late November his IG, Abdulsalam Sahib, on the basis of the BSA audit. The Minister told Sahib he was being dismissed because of his office's poor record in uncovering fraud. The BSA report on which the Minister made his determination to remove Sahib, however, covered the period 2004-2006. Sahib's term as IG started in 2006. (Note: Sahib replaced Musa Faraj as IG at the Ministry of Municipalities. Faraj later served at the helm of the COI, prior to al-Ugaili, and was widely believed to be ineffective in both posts. End Note.) Sahib challenged his dismissal to the Prime Minister, claiming he had been unfairly judged for his predecessor's ineffectiveness. He shared with ACCO December 7 a copy of his 2007 annual report

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showing 1911 field inspections, 158 cases referred to COI, and his establishment of 15 field offices. In response to Sahib's challenge of his dismissal, the Prime Minister ordered BSA to begin follow-up performance review for the full period of Sahib's term.

¶6. (C) Sahib told ACCO December 4 he believed the real reason for his dismissal was because he had uncovered three cases in which the minister had benefited illegally from ministerial contracts. The first involved a \$26 million contract for asphalt machines, which was awarded to a company linked with Ghurrayib after the bidding period had ended. Two other cases reportedly involved a water treatment plant in Al Amarah and the refurbishment of a ministry office building. After Sahib uncovered these cases, he said the minister tried to cut his staffing and damage his reputation with BSA and the Prime Minister's Office. Sahib, who has health problems but is eight years from qualifying for retirement, told us he hopes to be granted a health waiver so that he can retire early.

CULTURE, FOREIGN AFFAIRS CLING ON  
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¶7. (C) Since being fired in October, the IG for the Ministry of Culture, Hanna Eshkori, has turned 63 and is lobbying the Prime Minister's Office to be able to retire. The IG for the Ministry of Foreign Affairs, Saadi Fadhli, remains in his position despite the recommendation by the Prime Minister that he be granted retirement. The committee consisting of Abdulbasit, al-Ugaili, and Alaq recommended the Prime Minister force Fadhli into early retirement. According to Dr. Sabah in PMACCO, the Prime Minister agreed with the recommendation to have Fadhli retired. However, according to CPA Order 57, which established Iraq's Inspectors General, IGs are appointed by the Prime Minister but serve at the pleasure of their respective minister. According to PMACCO, the Minister of Foreign Affairs has thus far refused to implement the Prime Minister's recommendation to retire Fadhli.

18. (C) The IG for the Ministry of Electricity, Saadi Mahdi Ali, may be the next one to be removed. According to Dr. Sabah in PMACCO, the Minister of Electricity complained to the Prime Minister that Saadi was interfering with the prompt signing of electricity contracts. Saadi told us he had uncovered contracts in which the minister would have personally gained. In early December, Saadi's son and his son's wife were injured in an explosion near his home. Saadi said he believed they had been targeted because of the electricity contracts he had uncovered. Since October, according to Dr. Sabah, the Prime Minister has held weekly meetings with the ministers of oil and electricity and their respective IGs to monitor the slow progress in developing Iraq's electricity output. He has used these meetings to reconcile the viewpoints of the ministers with their IGs. The Prime Minister also ordered Dr. Abdulbasit to have BSA conduct an updated assessment of Saadi's performance.

COMMENT: FATE OF MUNICIPALITIES AND  
ELECTRICITY IG'S WILL BE TRUE LITMUS  
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19. (C) We remain skeptical of the New York Times' analysis that the purging of IGs was a politically motivated campaign by Prime Minister Maliki to install loyalists throughout Iraq's ministries. The key lacuna in the Times piece was any mention of the IG removals coming as the result of extensive performance audits by the BSA. As we have previously reported, the audits were probably not executed perfectly but they constituted a noble effort to establish some means of regularized accountability for these officeholders. The piece also overlooked the dynamics of the three-person panel reviewing the audits. Ali Alaq, as Secretary General of the Council of Ministers, would not be in a position to block a move by the Prime Minister to install loyalists, as the Times intimated. Similarly, COI Commissioner Rahim, whose position remains precarious as he has not yet been confirmed by the Council of Representatives, probably also could have been persuaded to take part in such a scheme. However, we are much more skeptical that BSA chief Dr. Abdulbasit, a Sunni with a strong record of professionalism and impartiality in his auditing practices, would have taken part in such a ploy. In his vehement defense to us of the performance audits, he staked his personal reputation on the impartiality of the process.

110. (C) The one troubling exception to the slew of dismissals

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and retirements is that of the IG for the Ministry of Municipalities. (If the IG for the Ministry of Electricity is removed, that would make two.) His is the only case where we have seen any indication of an IG being removed by a minister for what appears to be doing his or her job too well. The Ministers of Municipalities and Electricity would likely attribute the slow pace of executing contracts in their ministries to the often fastidious, if painstaking, audits of their IGs. So far, the Prime Minister's intervention in both of these cases -- by ordering updated assessments of the two IGs' performances and, in the case of the Electricity IG, holding weekly meetings to reconcile the viewpoint of the IG with that of the minister -- appears to be more a case of micromanagement than improper political influence. What happens next to IGs for Municipalities and Electricity may lend credence, or not, to the Times' analysis.  
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